



**Livestock and Seed Program
Audit, Review, and Compliance Branch
Quality System Audit Report**

AUDIT INFORMATION

Applicant Name:	Stellar Certification Services, Inc.
Est. Number:	N/A
Physical Address:	39609A Luckiamute Road, Philomath, OR 97370
Mailing Address:	P.O. Box 1390; Philomath, OR 97370
Contact & Title:	Jim Fullmer, Executive Director
E-mail Address:	jfullmer@peak.org
Phone Number:	(541) 929-7148
Auditor(s):	Steve Ross, Lead Auditor & Corey Gilbert, Auditor
Program:	USDA National Organic Program (NOP)
Audit Date(s):	February 2 - July 9, 2007
Audit Identifier:	NP7033DDC
Action Required:	Yes
Audit Type:	Surveillance - Accreditation Renewal Audit
Audit Objective:	To verify continuing compliance to the audit criteria; and to verify the implementation and effectiveness of corrective actions in addressing the previous non-compliance.
Audit Criteria:	7 CFR Part 205 National Organic Program, Final Rule, dated December 21, 2000; Updated September 11, 2006
Audit Scope:	Stellar Certification Services' quality manual dated October 2006 including personnel, processes, procedures, facilities, and related records.
Location(s) Audited:	Stellar Certification Services' office in Philomath, OR; Ruby and Amber's Organic Oasis in Dorena, OR; and Frey's Vineyard and Winery in Redwood Valley, CA.

Stellar Certification Services (SCS) became an accredited certifying agent to the USDA National Organic Program (NOP) on April 29, 2002, for crops, wild crops, livestock, and handler/processor. SCS currently has 85 crops, 0 wild crop, 21 livestock, and 57 processors as approved clients.

The 5 Year Accreditation Audit process started on February 2, 2007, with a review of the documents submitted by SCS and concluded with the on-site surveillance audit which was conducted on June 26-28, 2007 and July 9, 2007.

SCS operates with a Board of Directors (BOD), Executive Director, Evaluation Circle, Office Manager and staff, and contracted inspectors. Initial applications are reviewed by the office staff for completeness and the inspector and Evaluation Circle assignments are made by the Executive Director to ensure they



Livestock and Seed Program Audit, Review, and Compliance Branch Quality System Audit Report

are conducted by qualified individuals with no conflicts of interest. The Evaluation Circle member reviews the application and inspection report and makes a certification recommendation; however, the Executive Director or qualified staff member makes the certification decision. The Executive Director and Office Manager also conduct inspections and exclude themselves from making the certification decision for any operations they inspect.

All staff, inspectors, and Evaluation Circle members are qualified for the duties assigned. All BOD, staff, and inspectors had current conflict of interests, resumes, confidentiality agreements, evaluations, and training records.

No appeals of certification decisions or mediation had been conducted by SCS. There was one denial of certification; however, a notice of denial was not sent to the Administrator. SCS submitted all other required reports and annual updates to the USDA as required and has addressed all non-compliances as required.

FINDINGS

Observations made, interviews conducted, and procedures and records reviewed verified that SCS is currently operating in compliance to the requirements of the audit criteria except as noted below. The corrective actions for a previous non-compliance were reviewed and found to be implemented and effective; therefore, the non-compliance was cleared. Five non-compliances were identified during the audit.

NP6165GGA.NC1 – Minor – Cleared – NOP §205.204 Seeds and Planting Stock Practice Standard (a) states, “The producer must use organically grown seeds, annual seedlings, and planting stock: Except, That,” (1)-(2) allows for the use of nonorganically produced treated and untreated seeds, “when an equivalent organically produced variety is not commercially available.” Cost is not considered by the regulation as not commercially available. *The 2005 Seed Search Documentation form in the Mile Creek Jersey Farm lists “Cost prohibitive” as a reason for not using organic seeds. The operator lists this reason for the Rigadon oat seed from three suppliers. The NOP does not consider “cost” to be a reason for not using certified organic seeds. Corrective Action:* SCS revised the Seed Search Document to remove “Cost prohibitive” and this is no longer allowed as a reason for not using organically grown seeds, annual seedlings, and planting stock.

NP7033DDC.NC1 – NOP §205.681(a) Appeals states, “An applicant for certification may appeal a certifying agent’s notice of denial of certification, and a certified operation may appeal a certifying agent’s notification of proposed suspension or revocation of certification to the Administrator, *Except, That, when the applicant or certified operation is subject to an approved State organic program the appeal must be made to the State organic program which will carry out the appeal...*” *SCS’s Policy Manual, 8. Appeals Process, Procedures Manual, B. Certification, XV Handling Appeals of Certification Decisions, and XVI Special Appeals Committee states an operator wanting to appeal a decision should submit the appeal to SCS and SCS establishes an Ad Hoc committee to handle appeals of certification decisions. A copy of the appeal is forwarded to the inspector for comments and then the appeal and inspector’s comments are reviewed by the Evaluation Circle and staff member that made the certification decision. If*



**Livestock and Seed Program
Audit, Review, and Compliance Branch
Quality System Audit Report**

the Evaluation Circle and staff member don't agree to the appeal then it is forwarded to the Special Appeals Committee for further review. SCS's appeals procedure is not in accordance to the NOP rule because all appeals must be made to the Administrator or State organic program (currently only California).

NP7033DDC.NC2 – NOP §205.501(a)(6), General requirements for accreditation states, “A private or governmental entity accredited as a certifying agent under this subpart must: conduct an annual performance evaluation of all persons....” *Stellar's Policy Manual, C. Personnel Procedures, Section XI Evaluating Personnel, states that the Board of Directors (BOD) will evaluate the Executive Director (ED) and the ED will evaluate all remaining personnel. A review of the personnel evaluation found that the BOD's evaluation of the ED didn't cover his duties as an inspector. It was further determined that the Office Manager conducted an evaluation of the ED's inspection duties, which is not in agreement with the quality manual.*

NP7033DDC.NC3 – NOP §205.662(b)(c) Noncompliance procedures for certified operations states, “*Resolution.* When a certified operation demonstrates that each noncompliance has been resolved, the certifying agent... shall send the certified operation a written notification of noncompliance resolution. *Proposed suspension or revocation.* When rebuttal is unsuccessful or correction of the noncompliance is not completed within the prescribed time period, the certifying agent... shall send the certified operation a written notification of proposed suspension or revocation of certification....”

- 1) *SCS has not been providing clients with a written notification of resolution of non-compliance.*
- 2) *SCS has been sending a reminder e-mail if the client has not submitted the corrective action within the specified time period and is not sending a letter of proposed suspension or revocation.*

NP7033DDC.NC4 – NOP §205.642 Fees and other charges for certification states, “...The certifying agent shall provide each applicant with an estimate of the total cost of certification and an estimate of the annual cost of updating the certification. The certifying agent may require applicants for certification to pay at the time of application a nonrefundable fee... the nonrefundable portion of certification fees must be explained in the fee schedule submitted to the Administrator.”

- 1) *SCS is not providing cost estimates to the clients for either the initial or annual certification.*
- 2) *SCS has a non-refundable fee of \$100 for the application that is not explained in the fee schedule submitted to the Administrator.*

NP7033DDC.NC5 – NOP §205.405(a) & (c)(3) Denial of certification states, “When the certifying agent has reason to believe, based on a review of the information specified in §205.402 or §205.404, that an applicant for certification is not able to comply... with the requirements of this part, the certifying agent must provide a written notification of noncompliance to the applicant. When correction of a noncompliance is not possible, a notification of noncompliance and a notification of denial of certification may be combined in one notification. Provide notice of... denial to the Administrator.”

- 1) *SCS did not provide the notice of noncompliance and denial of certification using the forms listed on master document list.*
- 2) *SCS did not provide the notice of denial to the Administrator.*